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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

FEB 17 1999

JAMES M. IRVIN
Chairman
TONY WEST
Commissioner
CARL J. KUNASEK
Commissioner

DOCKETED BY

cfw

IN THE MATTER OF COMPETITION
IN THE PROVISION OF ELECTRIC
SERVICES THROUGHOUT THE STATE
OF ARIZONA

Docket No. RE-00000C-94-0165

**EXCEPTIONS OF TRICO ELECTRIC
COOPERATIVE, INC. TO FEBRUARY 5,
1999 RECOMMENDATIONS OF HEARING
DIVISION**

Trico Electric Cooperative, Inc. ("Trico") submits these Exceptions to the February 5, 1999 Recommendations of the Hearing Division which was in the form of a proposed Decision and Order ("Recommendations"):

I. INTRODUCTION.

Trico commends the Hearing Division for the performance of the Herculean task in preparing the Recommendations with the Appendices A, B and C.

The Commission's Decision with respect to these Recommendations will undoubtedly result in the Rules that govern retail electric competition in Arizona for the foreseeable future. Because such Decision is so important, a detailed statement of Trico's comments is warranted.

1 The Rules should not be adopted in a vacuum where economists' theories of the
2 best way to provide competition prevail. The Commission should not lose sight of the fact that
3 the Affected Utilities have served the people of Arizona well over the last several decades and
4 their property rights should not be disregarded. When an Affected Utility has been providing
5 generation, transmission or distribution services or any combination thereof, it is unfair to put
6 such utility out of business or to drastically curtail its business.¹ No evidentiary hearing has
7 established that the absence of such divestiture or curtailment will substantially adversely affect
8 competition. R14-2-1615 provides in part that competitive generation assets and competitive
9 services shall be divested by an Affected Utility ("AU") prior to January 1, 2001, and after that
10 date an AU or Utility Distribution Company ("UDC") shall not provide Competitive Services.

11 By misinterpreting the *Woods* Case², the Rules have been based on the assumption
12 that the Commission is omnipotent with respect to rates of PSCs without regard to the provisions
13 of the Arizona Constitution. Even if the Commission does have *carte blanche* power with respect
14 to rates, that does not give it jurisdiction to mandate divestiture or to drastically curtail the right to
15 conduct the business of a PSC. The Legislature in HB 2663 did not authorize divestiture or
16 dramatic curtailment of services rendered by PSCs.

17 By definition in the Rules, Competitive Services include all generation except only
18 generation which is part of Bundled Services furnished as Standard Offer Service. R14-2-1606.B
19 provides that after January 1, 2001, power purchased by a UDC to provide Standard Offer Service
20 shall be acquired through the open market. There is no definition of "open market." By reason of
21 the definitions and other provisions in the Rules, UDCs are not permitted to provide metering,
22 meter reading, billing and collection services (collectively, "Other Services")³ after January 1,
23 2001, except in performing Standard Offer Services. There is no mention of such curtailment in
24 the original Rules set forth in Decision No. 59943 ("Original Rules"). Quite the contrary, in R14-

25 ¹ Besides the unconstitutionality of such action.

26 ² *Corp. Com'n v. State ex rel Woods*, 171 Ariz. 286, 830 P.2d 807 (1992).

³ As so defined in HB 2663.

1 2-1606.C of the Original Rules, each AU was required to provide Other Services and R14-2-
2 1603.A placed no time limitation on any AU to perform all electric services within its service
3 territory without obtaining a Certificate of Convenience and Necessity ("CC&N") as provided in
4 that Rule. Further, confining UDCs in furnishing of Other Services solely to Standard Offer
5 Service and not competitively after such date is diametrically contrary to the directives of the
6 Legislature in HB 2663. A.R.S. §40-202.B.4. The Original Rules were founded on the principle
7 that competition could be assured by market determined rates. So long as the proposed Amended
8 Rules continue to provide for market based rates, draconian measures such as divestiture or
9 drastic curtailment of services by AUs and UDCs should be deleted.

10 Despite the language in the Explanatory Statement that the Rules should conform
11 to the corresponding provisions of HB 2663⁴, several of the Rules in the Recommendations are in
12 conflict with that enabling legislation.

13 Set forth below are Trico's comments for changing specific Rules as set forth in
14 the Recommendations. Fairness requires a careful review of such Rules in the light of such
15 comments. Attached as Exhibit A are suggested revisions of the applicable Rules or portions
16 thereof using the same numbering system as "Trico's Suggested Changes."

17 II. TRICO'S SUGGESTED CHANGES.

18 1. After January 1, 2001, the wholesale electricity purchased by UDCs to
19 provide Standard Offer Service should not be restricted. Reference to R14-2-1606.B is set
20 forth above and requires that after January 1, 2001, power purchased by a UDC to provide
21 Standard Offer Service must be acquired through the open market. There is no reason to restrict
22 the manner in which the power should be purchased. Obviously, if the UDC purchases power
23 that makes the Standard Offer noncompetitive, the consumer will exercise his right to choose
24 competitive services from an Electric Service Provider ("ESP").

25
26 ⁴ At page 21.

2. A generation electric cooperative, as well as its Class A member Electric Distribution Cooperatives should be exempt from the separation of monopoly and competitive services provisions set forth in R14-2-1615. Subsection C of that Rule does provide that it shall not apply to Electric Distribution Cooperatives. This should be expanded to include their G&T with respect to its generation services. As has been pointed out on numerous occasions to the Commission in this restructuring process, each of AEPCO's Class A Members has entered into an all-requirements Wholesale Power Contract whereby each of them is required to purchase all of their electricity from AEPCO. These contracts were required by the Rural Utilities Service ("RUS"), formerly the Rural Electrification Administration, as the backbone of the financing of the cooperatives by the United States of America through RUS. Because of the competitive provisions in the Rules, those contracts will be breached when the Rules are implemented. There is no reason why the Commission should administer the *coup de gras* by requiring that AEPCO go out of business except for its transmission service by January 1, 2001.

3. Other Services should be provided only by UDCs and the definition of "Competitive Service" "Noncompetitive Service" in the Rules should be changed accordingly. Other Services historically have been part of distribution services. This was acknowledged in the Explanatory Statement. Distribution Service, as defined in the Rules, expressly excludes Other Services. "Noncompetitive Services" are defined in the Rules as Distribution Service, Standard Offer Service and other particular services set forth therein. "Standard Offer Service" pertains only to Bundled Service. "Competitive Services" are defined as all aspects of retail electric service except services specifically defined as "Noncompetitive Services" or noncompetitive services defined by FERC. Because of these definitions and R14-2-1605, UDCs can only provide Other Services in connection with their Standard Offer Services and are prohibited from providing Other Services competitively. Since Other Services are so closely related to Distribution Services as defined in the Rule (without the exception), the proposed Amended Rules should be changed to provide that only UDCs can perform Other

1 Services. To have strangers perform such services that have been provided by personal contact
2 with the consumer makes little sense. Also, the potential for unemployment of UDC personnel is
3 unacceptable. Trico should not be required to drastically curtail its Other Service business.

4 **4. As an alternative to 3 above, UDCs should not be prevented from furnishing**
5 **Other Services after January 1, 2001.**

6 If the Commission refuses to limit the furnishing of Other Services to UDCs, then
7 certainly it should not prohibit UDCs from furnishing Other Services competitively. The Rules
8 that result in this situation constitute a drastic curtailment of the businesses of the AUs and UDCs
9 which is both unfair and unwise. They clearly conflict with A.R.S. §40-201.B.4.

10 **5. The definitions of Standard Offer Services and Provider of Last Resort must**
11 **be changed.** A.R.S. §40-202.B.5 requires UDCs to act as suppliers of last resort for every retail
12 electric customer within its service territory whose annual usage is 100,000 kWh or less. Instead,
13 R14-2-1601(31), defines such provider as one providing Standard Offer Service to customers
14 within the provider's certificated area who are not buying Competitive Services. The
15 Legislature's use limitation is not incorporated in that definition. R14-2-1601(34) defines
16 Standard Offer Service as Bundled Services offered by AUs or UDCs to all consumers in their
17 service territories whose annual usage is 100,000 kWh or less at regulated rates, together with
18 Other Services, Demand Side Management Services and Consumer Information, Management
19 Services and Consumer Information Services. This is wholly improper because there should be
20 no limitation on the provision of Standard Offer Services based upon usage. The effect of this
21 limitation is dramatic. A consumer who uses 100,000 kWh per year in effect uses approximately
22 20 KW during the year (see R14-2-1612.K,6, 7), which is the amount of usage that a small
23 commercial consumer would use. This leaves many small commercial and agricultural
24 consumers in a no man's land if ESPs fail to provide them Competitive Services. Experience in
25 Arizona demonstrates that nearly all ESPs are only interested in serving large consumers and
26 consumers who have multiple retail outlets. Trico does not believe that it was the intent of the

1 Commission to place such small commercial and agricultural users in this position and strongly
2 urges the Commission to correct these definitions so that they are the same as in HB 2663.

3 **6. Stranded Costs of UDCs must be provided by the Rules.** Although the Rules
4 do not expressly provide that distribution PSCs shall not be entitled to Stranded Costs, the
5 definition set forth in R14-2-1601(35) limits the recovery of Stranded Costs to jurisdictional
6 assets and obligations acquired or entered into prior to December 26, 1996. Also, a fair
7 interpretation of R14-2-1607 would also strongly indicate that Stranded Costs would be limited to
8 generation assets. The same is true of Decision No. 60977. In the event that the Rules are not
9 changed to preclude the rendering of Other Services by ESPs, UDCs may very well have
10 substantial Stranded Costs in useless meters and perhaps useless computer equipment utilized in
11 their billing and collection operations, as well as the possibility of damages resulting from their
12 inability to furnish competitive electricity (electrons). Whether or not UDCs will suffer such
13 Stranded Costs can only be determined by their experiences after the implementation of
14 competition, not prior to December 26, 1996. As required by the then existing Amended Rules,
15 Trico made its Stranded Cost filing on August 21, 1998, and set forth these matters. The
16 Commission Staff responded by stating that any distribution Stranded Costs could be recovered in
17 rate cases. How unfair could this be to Standard Offer customers who currently pay for Stranded
18 Costs in their rates? The only reason there may be Stranded Costs for UDCs is because the Rules
19 permit competition. The ones who have caused the Stranded Costs, *i.e.*, the consumers choosing
20 competition, should be the ones who pay these Stranded Costs, not the Standard Offer consumers.

21 **7. The CTC should be limited to consumers choosing competitive services.** The
22 recommended Amended Rules make a 180 degree reversal of the Amended Rules in existence
23 prior thereto which required in R14-2-1607 that the CTC may be only assessed consumers
24 purchasing competitive services. It is extremely clear from the proposed Amended Rule that the
25 CTC may be assessed on all customers continuing to use the distribution system based on the
26

1 amount of generation purchased from any supplier. In the Explanatory Statement concerning this
2 Rule, in discussing the definition of CTC in R14-2-1601(5), the Hearing Division stated:

3 "The CTC charged to Standard Offer customers should not be an
4 additional charge, but the portion of customers' Standard Offer bills
5 that is going towards Stranded Costs should be identified on
6 Standard Offer bills as required by R14-2-1613(O)."⁵

7 If that quotation is correct, then the definition of CTC and 14-2-1607(F) should be changed
8 accordingly. It is unfair to charge Standard Offer customers a CTC when they are already paying
9 for Stranded Costs in their existing rates. Those who have caused the Stranded Costs, the
10 consumers electing competition, should be the sole consumers paying the CTC.

11 **8. UDCs should not be required to file new Stranded Cost rates if they have**
12 **elected to have their existing rates constitute their Standard Offer rates.** As set forth in
13 Decision No. 61272, which is similar to the Original Rules, an AU had the choice of filing new
14 proposed tariffs to provide Standard Offer Service or elect to have its existing rates constitute its
15 Standard Offer Service. The recommended proposed Amended Rules now requires Affected
16 Utilities to file proposed tariffs to provide Standard Offer Service, provided that such rates shall
17 not become effective until approved by the Commission. The provision that existing rates could
18 constitute the AU's Standard Offer rates has been deleted. Trico submits that this is an unwise
19 and unnecessary amendment to this Rule and should be rejected. In the event that the
20 Commission's Order pursuant to R14-2-1602 requiring an AU to permit competition in its
21 certificated area on a date certain and that date is before the Commission has approved the AU's
22 newly filed Standard Offer tariffs, there would be a complete hiatus. The Staff required Trico to
23 simply unbundle its existing rates in connection with its Unbundled Rate filing. Trico complied
24 and the Commission approved Trico's Unbundled Rates in Decision No. 61284 issued
25 December 14, 1998. Having already approved Trico's Unbundled Rates, this Rule now requires

26 ⁵ See page 3 of the Explanatory Statement.

1 Trico to file exactly the same type of rates that have been approved. This is completely
2 unnecessary.

3 9. **The Rules should expressly preclude aggregation of consumers across service**
4 **territories.** In Decision No. 61272 R14-2-1604.D provided: "All customers shall be eligible to
5 obtain competitive electric service no later than January 1, 2001, at which time all customers shall
6 be permitted to aggregate, including aggregation across service territories." Interested parties
7 objected to the phrase following the date and the Hearing Division agreed that this provision
8 should be deleted, and in fact did delete the provision in the recommended Amended Rules.⁶
9 While this deletion pertained to self aggregation, which the Recommendations reject, the Rules
10 are ambiguous as to whether aggregation by ESPs can be made across service territories.
11 Aggregation across service territories will greatly adversely impact scheduling by Scheduling
12 Coordinators. Such aggregation in many instances will require the crossing of transmission lines
13 by transmission or distribution lines. This is especially true when the capacity and energy
14 consumption of the retail consumer is small. The Rules should expressly provide that aggregation
15 across service territories should not be permitted.

16 10. **UDCs should not be required to set forth in their Standard Offer bills the**
17 **billing cost elements as required by R14-2-1612.N; nor should they be required to**
18 **separately set forth generation and transmission costs when such information is not**
19 **available.** Assuming that the objective of competition is to reduce the cost to the consumer,
20 UDCs who bill customers for Standard Offer Service should not be required to set forth the
21 detailed billing elements as set forth in R14-2-1612.N. The UDC will necessarily have to pass on
22 the additional costs to consumers which will tend to defeat the purpose of competition. R14-2-
23 1612.N provides that after the commencement of competition, all bills for Standard Offer Service
24 shall list as a minimum the enumerated billing cost elements. In the event that a UDC, such as
25

26 ⁶ See Explanatory Statement, page 18.

1 Trico, buys electric service on a bundled basis, it cannot provide the necessary information in
2 connection with separate Generation and Transmission Services.

3 **III. TRICO'S SPECIFIC CHANGES IN THE RECOMMENDED RULES.**

4 1. **R14-2-1606.B.**

5 ~~After January 1, 2001, power purchased by a Utility Distribution Company to~~
6 ~~provide Standard Offer Service shall be acquired through the open market.~~

7 2. **R14-2-1615.C.**

8 An Electric Distribution Cooperative is not subject to the provisions of R14-2-
9 1615 unless it offers competitive electric services outside of the service territory. It's Electric
10 Generation Cooperative shall not be subject to the provisions of R14-2-1615 unless one or more
11 of the Generation Cooperative's Electric Distribution Cooperatives offer electric service outside
12 their service territories. ~~An electric distribution cooperative shall be subject to the same~~
13 ~~limitations that its member Distribution Cooperatives are subject to.~~

14 3. **R14-2-209. Meter Reading**

15 A. ...

16 ~~6. Where the Electric Service Provider is responsible for meter reading, reads will be~~
17 ~~AVIDD available for the Utility Distribution Company's or billing entity's billing~~
18 ~~cycle for that customer, or as otherwise agreed upon by the electric Service~~
19 ~~Provider and the Utility Distribution Company or billing entity.~~

20 76. In the event the customer fails to submit the reading on time, the Utility or billing
21 entry may issue the customer an estimated bill.

22 ~~8. In the event the Electric Service Provider responsible for meter reading fails to~~
23 ~~deliver reads to the Meter Reader Service Provider server within 3 days of the~~
24 ~~scheduled cycle read date, the Affected Utility may estimate the reads.~~

25 97. Meters shall be read monthly on as close to the same day as practical.
26

C. Meter rereads

1. Each Utility or Meter Reading Service Provider shall at the request of a customer, or the customer's ~~Electric Service Provider~~, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity reread that customer's meter within 10 working days after such a request.
2. Any reread may be charged to the customer, or the customer's ~~Electric Service Provider~~, Utility Distribution Company (as defined in A.A.C. R14-2-1601 (or billing entity at a rate on file and approved by the Commission, provided that the original reading was not in error.
3. When a reading is found to be in error, the reread shall be at no charge to the customer, or the customer's ~~Electric Service Provider~~, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity.

F. Request for meter tests

~~A Utility or Meter Service Provider shall test a meter upon the request of the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity request, and each utility or billing entity shall be authorized to charge the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity for such meter test according to the tariff on file and approved by the Commission. However, if the meter is found to be in error by more than 3%, no meter testing fee will be charged to the customer, or the customer's Electric Service Provider, Utility Distribution Company or billing entity.~~ Requests for meter tests shall be governed by the provisions of R14-2-1612.K.2.

R14-2-210. Billing and collection

...

B. ...

2. ...

- i. The address and telephone numbers of ~~the Electric Service Provider, and/or~~
the Utility Distribution Company designating where the customer may
initiate an inquiry or complaint concerning the bill or services rendered;

...

E. Meter error corrections

1. The utility or Meter Service Provider shall test a meter upon customer or the
customer's ~~Electric Service Provider~~, Utility Distribution Company (as defined in
A.A.C. R14-2-1601) or billing entity request and each utility or billing entity shall
be authorized to charge the customer for such meter test according to the tariff on
file approved by the Commission. However, if the meter is found to be in error by
more than 3%, in error, either fast or slow, the correction of previous bills will be
made under the following terms allowing the utility or billing entity to recover or
refund the difference:

...

4. **R14-2-1601. Definitions.**

...

4. ~~"Competitive Services means all aspects of retail electric service except those
services specifically defined as "Noncompetitive Services" pursuant to R14 2-
1601(27) or noncompetitive services as defined by the Federal Energy Regulatory
Commission the retail sale of electricity obtained from the generation of electricity
from generators at any location whether owned by the provider of Competitive
Services or purchased from another generator or wholesaler of electric generation
except Standard Offer service.~~

...

12. "Distribution Service" means the delivery of electricity to a retail consumer
through wires, transformers, and other devices that are not classified as

transmission services subject to the jurisdiction of the Federal Energy Regulatory Commission; Distribution Service ~~excludes~~ includes Metering Service, Meter Reading Services, and billing and collection services, as those terms are used herein.

...

14. "Electric Service Provider" (ESP) means a company supplying, marketing, or brokering at retail any ~~of the competitive services described in R14 2-1605 or R14 2-1606,~~ Competitive Services pursuant to a Certificate of Convenience and Necessity.

...

23. "Meter Reading Service Provider" (MRSP) means ~~an entity~~ a Utility Distribution Company providing Meter Reading Service, as that term is defined herein and that reads meter, performs validation, editing, and estimation on raw meter data to create billing-ready meter data; translates billing-ready data to an approved format; posts this data to a server for retrieval by billing agents; manages the server; exchanges data with market participants; and stores meter data for problem resolution.

24. "Meter Service Provider" (MSP) means ~~an entity~~ a Utility Distribution Company providing Metering Service, as that term is defined herein.

...

27. "Noncompetitive Services" means ~~Distribution Service, Standard Offer Service, transmission and Federal Energy Regulatory Commission required ancillary services, Must Run Generation Services, provision of customer demand and energy data to Electric Service Providers, and those aspects of Material Service set forth in R14 2-1612(K)~~ all aspects of retail electric service except Competitive Services.

1 ...

2 39. "Unbundled Service" means ~~electric service elements provided and/or~~ Generation,
3 Transmission (and Ancillary as defined by FERC) and Distribution Service priced
4 separately. ~~including but not limited to, such service elements as generation,~~
5 ~~transmission, distribution, metering, meter reading, billing and collection and~~
6 ~~ancillary services.~~ Unbundled Generation Service may be sold to consumers or to
7 other Electric Service Providers.

8 ...

9 **R14-2-1603. Certificates of Convenience and Necessity**

10 ...

11 B. ...

12 ~~1. A description of the electric services which the applicant intends to offer.~~

13 1. The proper name and correct address of the applicant, and

14 ...

15 2. A tariff for ~~each~~ the service to be provided that states the maximum rate and terms
16 and conditions that will apply to the provision of the service;

17 [Following subparagraphs 3-7 renumbered to 2-6.]

18 **R14-2-1605. Competitive Services**

19 ~~Competitive Services shall require a Certificate of Convenience and Necessity and a tariff as~~
20 ~~described in R14-2-1603. Except as provided in R14-2-1615.C, a properly certificated Electric~~
21 ~~Service Provider may offer~~ Competitive Services under bilateral or multilateral contracts with
22 retail consumers.

23 **R14-2-1612. Service Quality, Consumer Protection, Safety, and Billing Requirements**

24 A. Except as indicated elsewhere in this Article, R14-2-201 through R14-2-212, inclusive,
25 are adopted in this Article by reference. ~~However, where the term "utility" shall pertain to~~
26 ~~Electric Service Providers providing the services described in each paragraph of §14-2-~~

201 through R14-2-212. R14-2-2-3(E) and R14-2-212(H) shall pertain only to Utility Distribution Companies.

...
J. ~~No change.~~ Each Electric Service Provider shall ensure that bills rendered on its behalf include its address and toll free telephone numbers for billing, service, and safety inquiries. The bill must also include the address and toll free telephone number for the Phoenix and Tucson Consumer Service Sections of the Arizona Corporation Utilities Division. ~~Each Electric Service Provider shall ensure that billing and collection services rendered on its behalf comply with R14-2-1612(A), R14-2-1613(A) and R14-2-1613(B).~~

...
K. Additional Provisions for Metering and Meter Reading Services.

~~1. An Electric Service Provider who provides metering or meter reading services pertaining to a particular consumer shall provide access using EDI formats to meter reading data to other Electric Service Providers serving that same consumer when authorized by the consumer.~~

21. Any person or entity relying on metering information ~~provided by another Electric Service Provider~~ may request a meter test according to the tariff on file and approved by the Commission. However, if the meter is found to be in error by more than 3%, no meter testing fee will be charged. The Utility Distribution Company shall make available to the customer or its Electric Service Provider all metering information requested at the incremental cost of providing such information.

[Renumber subparagraphs 3-7 to 2-6.]

87. Metering equipment ownership will be limited to the Affected Utility, or Utility Distribution Company, ~~and the Electric Service Provider~~ or their representative, or the customer, who must obtain the metering equipment through ~~obtains the meter from the~~ Affected Utility, or Utility Distribution Company ~~or an Electric Service Provider.~~

1 98. Maintenance and servicing of the metering equipment will be limited to the Affected
2 Utility, or Utility Distribution Company ~~and the Electric Service Provider~~ or their
3 representative.

4 ~~109.~~ Distribution primary voltage Current Transformers and Potential Transformers may be
5 owned by the Affected Utility, or Utility Distribution Company ~~or the Electric Service~~
6 ~~Provider~~ or their representative.

7 [Renumbr subparagraphs 11 and 12 to 10 and 11.]

8 ...

9 N. Billing Elements. ~~After the commencement of competition within a service territory~~
10 ~~pursuant to R14-2-1602, all~~ All customer bills, ~~including bills for Standard Offer, for~~
11 ~~customers within that service territory will test, at a minimum the following billing cost~~
12 ~~elements~~ for Competitive Services after January 1, 1999, will list, at a minimum, the
13 following billing cost elements.

14 ...

15 3. Other Costs:

16 a. ~~Metering Service,~~

17 b. ~~Meter Reading Service,~~

18 c. ~~Billing and Collection, and~~

19 d. System Benefits charge

20 4. **R14-2-1601. Definitions.**

21 ...

22 12. "Distribution Service" means the delivery of electricity to a retail consumer
23 through wires, transformers, and other devices that are not classified as
24 transmission services subject to the jurisdiction of the Federal Energy Regulatory
25 Commission; Distribution Service ~~excludes~~ includes Metering Service, Meter
26

Reading Services, and billing and collection services, as those terms are used herein.

R14-2-1603. Certificates of Convenience and Necessity

A. Any Electric Service Provider intending to supply Competitive Services shall obtain a Certificate of Convenience and Necessity from the Commission pursuant to this Article. An Affected Utility need not apply for a Certificate of Convenience and Necessity to continue to provide electric service. ~~in its service area during the transition period set forth in R14-2-1604. An Affected Utility providing distribution and Utility Distribution Company providing Standard Offer service after January 1, 2001 need not apply for a Certificate of Convenience and Necessity. All other Affected utility affiliates created in compliance with R14-2-1616(A) R14-2-1615(A) shall be required to apply for appropriate Certificates of Convenience and Necessity.~~

5. R14-2-1601. Definitions

39. "Provider of Last Resort" means ~~a provider of Standard Offer Service to customers within the provider's certificated area who are not buying competitive services an~~ Utility Distribution Company who supplies Standard Offer Service for every retail electric consumer within its distribution service territory whose annual usage is 100,000 kWh or less if electric service providers are unwilling or are unable to supply electric generation service and whose electric generation service has been discontinued through no fault of the retail electric customer.

...

34. "Standard Offer Service" means the Bundled Service offered by the Affected Utility or Utility Distribution Company to all consumers in the Affected Utility's or Utility Distribution Company's service territory ~~whose annual usage is 100,000 kWh or less~~ at regulated rates, including metering, meter reading, billing and

collection services, demand side management services including but not limited to time-of-use and consumer information services. ~~All components of Standard Offer Service shall be deemed noncompetitive as long as these components are provided in the bundled transaction pursuant to §14-2-1606(A).~~

...

6. **R14-2-1601. Definitions**

...

~~3935.~~ "Stranded Cost" includes:

a. The verifiable net difference between:

i. the ~~net original cost~~ value of all the prudent generation and distribution jurisdictional assets and obligations necessary to furnish electricity (~~such as generating plants, purchased power contracts, fuel contracts, and regulatory assets~~), acquired ~~or entered into prior to December 26, 1996,~~ under traditional regulation of Affected Utilities; and

ii. The market value of those assets and obligations directly attributable to the introduction of competition under this Article;

b. Reasonable costs necessarily incurred by an Affected Utility to effectuate any voluntary divestiture of its generation assets;

...

7. **R14-2-1601. Definitions**

~~54.~~ "Competition Transition Charge" (CTC) is a means of recovering Stranded Costs from the customers of competitive services.

R14-2-1607 Recovery of Stranded Cost of Affected Utilities

...

1 F. A Competitive Transition Charge (CTC) may be assessed only on customer
2 purchases made in the competitive market using the provisions of this Article. On
3 all customers continuing to use the distribution system based on the amount of
4 generation purchased from any supplier. Any reduction in electricity purchases
5 from an Affected Utility resulting from self-generation, demand side management,
6 or other demand reduction attributable to any cause other than the retail access
7 provisions of this Article shall not be used to calculate or recover any Stranded
8 Cost from a consumer.

9 **8. R14-2-1606. Services Required To Be Made Available**

10 ...

11 C. Standard Offer Tariffs

- 12 1. By the date indicated in §14-2-1605, each Affected Utility may
13 shall file proposed tariffs to provide Standard Offer Service. If
14 such tariffs ~~Such rates are filed, they~~ shall not become effective
15 until approved by the Commission. If no such tariffs are filed, rates
16 and services in existence as of the date in R14-2-1602 shall
17 constitute the Standard Offer. Standard Offer tariffs shall include
18 the billing cost elements required by §14-2-1612(N).

19 **9. R14-2-1602. Definitions**

20 ...

- 21 2. "Aggregator" means an Electric Service Provider that combines retail
22 electric customers into a purchasing group; provided that aggregation across service territories is
23 prohibited.

24 **10. R14-2-1612. Service Quality, Consumer Protection, Safety and Billing**
25 **Requirements**

26 ...

1 N. Billing elements. After the commencement of competition within the
2 service territory pursuant to R14-2-1602, all customer bills, ~~including~~ excluding bills for Standard
3 Offer, for customers within that service territory will list, at a minimum, the following billing cost
4 elements when available:

5 ...

6 RESPECTFULLY SUBMITTED this 16th day of February, 1999.

7 O'CONNOR CAVANAGH MOLLOY JONES

8
9 By: Russell E. Jones
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